

GRUNDY COUNTY SCHOOLS
INTERNAL SCHOOL FUNDS
GRUNDY COUNTY, TENNESSEE
AUDIT REPORT
June 30, 2016



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GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
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June 30, 2016

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INTRODUCTORY SECTION - UNAUDITED

**GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
INTRODUCTORY SECTION - UNAUDITED
June 30, 2016**

ROSTER OF DIRECTOR AND SCHOOL BOARD MEMBERS

Jessie Kinsey	Director of Schools
Kasey Anderson	District I
Paul Gallagher	District I
Greg Meeks	District I
Chris Groom	District II
Janie Layne	District II
Chris Snyder	District II
Robert Foster, Jr.	District III
Gary Don Melton	District III
Reuben Newsome	District III

ROSTER OF SCHOOL PRINCIPALS

Amanda Lance	Coalmont Elementary
Jamie Ruehling	Grundy County High School
Kathy Hill - Moon	North Elementary
John Ross Jones	Palmer Elementary
James N. Hill	Pelham Elementary
Kasey Woodlee	Swiss Memorial Elementary
Glenda Dykes	Tracy City Elementary

See Accompanying Independent Auditors' Report.



BEAN, RHOTON & KELLEY, PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board Members
Grundy County Board of Education
Altamont, Tennessee

Report on the Financial Statements

We have audited the accompanying combined balance sheets - regulatory basis of Grundy County Schools Internal School Funds, as of June 30, 2016, and the related combined statements of revenues, expenditures, and changes in fund balances - regulatory basis, for the year then ended, and the related notes to the financial statements, which collectively comprise the schools' basic financial statements as listed in the table of contents. We also have audited the individual school balance sheets - regulatory basis, and the individual school statements of revenues, expenditures, and changes in fund balances - regulatory basis presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying individual school financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

We draw attention to Note A of the financial statements, which states that, the financial statements are prepared by Grundy County Schools Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Tennessee.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grundy County Schools Internal School Funds as of June 30, 2016, or changes in financial position for the year then ended.

Basis for Qualified Opinion on Grundy County High School

Grundy County High School was unable to provide adequate documentation for the receipting and purchasing processes for some restricted activities. As a result, a timely and effective way to test revenues and expenditures for those activities is not determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Grundy County High” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of Grundy County High School as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* as described in Note A.

Basis for Adverse Opinion on Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary

Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary were unable to provide adequate accounting records that would allow us to sufficiently perform auditing procedures. As a result, a timely and effective way to test accounting records is not determinable. Additionally, Coalmont Elementary, North Elementary, and Tracy City Elementary were unable to provide adequate documentation to support their receipting process. As a result, a timely and effective way to test all revenues is not determinable.

Adverse Opinion on Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary” paragraph, the financial statements referred to above do not present fairly the financial position of Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary as of June 30, 2016, or the changes in financial position thereof for the year then ended in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* as described in Note A.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects described in the “Basis for Qualified Opinion on Grundy County High School” and the “Basis for Adverse Opinion on Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary”, the financial statements referred to above present fairly, in all material respects, the fund balance of the Grundy County Schools Internal School Funds as of June 30, 2016, and the changes in fund balances for the year then ended, in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* as described in Note A.

Emphasis of a matter

We draw attention to Note A of the financial statements, which states that, the financial statements present only the internal school funds of the Grundy County Board of Education and do not purport to, and do not, present fairly the financial position of the Grundy County Board of Education, as of June 30, 2016, the changes in financial position, or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

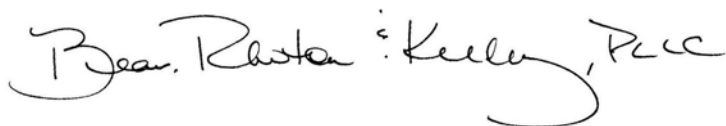
Our audit was conducted for the purpose of forming opinions on the combined financial statements – regulatory basis that collectively comprise the Grundy County Schools Internal School Funds basic financial statements. In addition, our audit was conducted for the purpose of forming opinions on the individual school financial statements – regulatory basis, presented as supplementary information, as defined by the Government Accounting Standards Board. The supplemental schedules and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements – regulatory basis of the schools. As described in Note A of the financial statements, the supplemental schedules and other information, as listed in the table of contents, are prepared by Grundy County Schools Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplemental schedules and other information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements – regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements – regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and other information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements – regulatory basis as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, on our consideration of the Grundy County Schools Internal School Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grundy County Schools Internal School Funds' internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Bean, Rhoton & Kelley, PLLC".

Bean, Rhoton & Kelley, PLLC
Winchester, Tennessee
February 28, 2017

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
COMBINED BALANCE SHEET - REGULATORY BASIS - ALL SCHOOLS
June 30, 2016

	<u>Total</u>	<u>Coalmont Elementary</u>	<u>Grundy County High</u>	<u>North Elementary</u>	<u>Palmer Elementary</u>	<u>Pelham Elementary</u>	<u>Swiss Memorial Elementary</u>	<u>Tracy City Elementary</u>
Assets								
Cash in bank - checking	\$ <u>334,462.43</u>	\$ <u>22,106.28</u>	\$ <u>181,357.64</u>	\$ <u>47,433.16</u>	\$ <u>12,192.06</u>	\$ <u>18,362.47</u>	\$ <u>12,291.35</u>	\$ <u>40,719.47</u>
Total assets	\$ <u><u>334,462.43</u></u>	\$ <u><u>22,106.28</u></u>	\$ <u><u>181,357.64</u></u>	\$ <u><u>47,433.16</u></u>	\$ <u><u>12,192.06</u></u>	\$ <u><u>18,362.47</u></u>	\$ <u><u>12,291.35</u></u>	\$ <u><u>40,719.47</u></u>
Liabilities and fund balances								
Liabilities								
Account payable	\$ <u>2,916.49</u>	\$ <u>0.00</u>	\$ <u>2,916.49</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
Total liabilities	<u>2,916.49</u>	<u>0.00</u>	<u>2,916.49</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund balances:								
General fund:								
Unassigned	<u>107,420.81</u>	<u>16,137.63</u>	<u>6,001.64</u>	<u>25,604.23</u>	<u>8,906.09</u>	<u>12,910.98</u>	<u>9,575.71</u>	<u>28,284.53</u>
Total general fund	<u>107,420.81</u>	<u>16,137.63</u>	<u>6,001.64</u>	<u>25,604.23</u>	<u>8,906.09</u>	<u>12,910.98</u>	<u>9,575.71</u>	<u>28,284.53</u>
Restricted fund:								
Restricted	<u>17,059.92</u>	<u>811.06</u>	<u>6,900.85</u>	<u>484.20</u>	<u>0.00</u>	<u>2,112.57</u>	<u>0.00</u>	<u>6,751.24</u>
Assigned	<u>207,065.21</u>	<u>5,157.59</u>	<u>165,538.66</u>	<u>21,344.73</u>	<u>3,285.97</u>	<u>3,338.92</u>	<u>2,715.64</u>	<u>5,683.70</u>
Total restricted fund	<u>224,125.13</u>	<u>5,968.65</u>	<u>172,439.51</u>	<u>21,828.93</u>	<u>3,285.97</u>	<u>5,451.49</u>	<u>2,715.64</u>	<u>12,434.94</u>
Total fund balances	<u>331,545.94</u>	<u>22,106.28</u>	<u>178,441.15</u>	<u>47,433.16</u>	<u>12,192.06</u>	<u>18,362.47</u>	<u>12,291.35</u>	<u>40,719.47</u>
Total liabilities and fund balances	\$ <u><u>334,462.43</u></u>	\$ <u><u>22,106.28</u></u>	\$ <u><u>181,357.64</u></u>	\$ <u><u>47,433.16</u></u>	\$ <u><u>12,192.06</u></u>	\$ <u><u>18,362.47</u></u>	\$ <u><u>12,291.35</u></u>	\$ <u><u>40,719.47</u></u>

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
REGULATORY BASIS - ALL SCHOOLS
For The Year Ended June 30, 2016

	<u>Total</u>	<u>Coalmont Elementary</u>	<u>Grundy County High</u>	<u>North Elementary</u>	<u>Palmer Elementary</u>	<u>Pelham Elementary</u>	<u>Swiss Memorial Elementary</u>	<u>Tracy City Elementary</u>
Fund balances, July 1, 2015	\$ 336,839.82	\$ 20,022.16	\$ 191,475.72	\$ 47,045.79	\$ 12,485.50	\$ 13,243.90	\$ 12,210.54	\$ 40,356.21
Revenues	732,770.12	56,476.25	388,305.36	58,036.79	67,270.23	34,732.38	46,441.34	81,507.77
Expenditures	<u>738,064.00</u>	<u>54,392.13</u>	<u>401,339.93</u>	<u>57,649.42</u>	<u>67,563.67</u>	<u>29,613.81</u>	<u>46,360.53</u>	<u>81,144.51</u>
Excess of revenues over (under) expenditures	(5,293.88)	2,084.12	(13,034.57)	387.37	(293.44)	5,118.57	80.81	363.26
Other financing sources (uses):								
Operating transfers in	24,235.76	668.98	18,996.86	0.00	0.00	0.00	4,569.92	0.00
Operating transfers out	<u>(24,235.76)</u>	<u>(668.98)</u>	<u>(18,996.86)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(4,569.92)</u>	<u>0.00</u>
Total other financing sources (uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess of revenue and other sources over (under) expenditures and other uses	<u>(5,293.88)</u>	<u>2,084.12</u>	<u>(13,034.57)</u>	<u>387.37</u>	<u>(293.44)</u>	<u>5,118.57</u>	<u>80.81</u>	<u>363.26</u>
Fund balances June 30, 2016	<u>\$ 331,545.94</u>	<u>\$ 22,106.28</u>	<u>\$ 178,441.15</u>	<u>\$ 47,433.16</u>	<u>\$ 12,192.06</u>	<u>\$ 18,362.47</u>	<u>\$ 12,291.35</u>	<u>\$ 40,719.47</u>

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Background

Section 49-2-110, *Tennessee Code Annotated*, provides for internal funds, establishes responsibility for those funds, and requires schools to adopt and follow a uniform accounting manual.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

This report includes only the internal school funds of the Grundy County School System. Internal school funds consist of financial resources accounted for at the individual schools.

INTERNAL SCHOOL FUNDS

Internal school funds reported in the accompanying financial statements include donations and grants made to the individual schools; fees collected by schools; funds received from the local board of education; funds raised through cooperative agreements; rental fees; and student activity funds.

STUDENT ACTIVITY FUNDS

Student activity funds include all money received from any source for school-sponsored student activities or school-sponsored events held at or in connection with a school, and specifically include, but are not limited to funds:

- Derived from a school-sponsored academic, art, athletic, or social event involving students;
- Raised by school-sponsored clubs involving students;
- Raised by school-sponsored fundraisers involving students who are under the supervision of a school employee;
- Received from a commission for the direct sale of items to students pursuant to a cooperative agreement between the school and an outside organization;
- Received for the direct sale of items to students from a school-run bookstore located on school grounds;
- Raised from fees charged to students;
- Obtained from interest from any account that contains student activity funds;
- Obtained from any related school-sponsored activity that involves the use of school personnel, students, and property during the school day.

2. Other Comprehensive Basis of Accounting (OCBOA)

The accounting and financial reporting requirements for internal school funds are set forth in the *Tennessee Internal School Uniform Accounting Policy Manual*, issued by the Tennessee Department of Education. The requirements established in the *Tennessee Internal School Uniform Accounting Policy Manual* differ from accounting principles generally accepted in the United States of America primarily in the presentation of financial statements and restricted fund revenue and expenditure accounting and reporting. The following is a summary of the basic requirements of this other comprehensive basis of accounting.

The financial statements consist of balance sheets and statements of revenues, expenditures, and changes in fund balances.

The combined financial statements present all of the individual schools in a columnar format and are required to be presented before the notes to the financial statements. These statements focus on each of the individual schools rather than the funds within the schools. In keeping with that focus, the columnar headings identify the individual schools rather than the funds.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Other Comprehensive Basis of Accounting (OCBOA) (continued)

The individual school financial statements present the detailed fund activity in each school and are included after the notes to the financial statements.

Revenues are classified by source and expenditures are classified by either function or object for the general fund but not the restricted fund. Revenues and expenditures of the restricted fund are recorded based on the specific group or activity which will benefit or expend the funds. The activity in the restricted "accounts" is presented as total revenues and transfers in and total expenditures and transfers out for each account. A corresponding "fund balance" is presented for each account. Although the restricted fund is a single fund, each account within the fund must present its portion of the restricted fund balance. Transfers reported on the financial statements represent authorized movement of funds between restricted accounts as well as between the general fund and restricted fund.

3. Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheets and the fund balances report only spendable resources. Internal school funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Management policies define available as collectible within thirty days after the fiscal year end. Expenditures are generally recognized when the related fund liability is incurred, if measurable.

4. Fund Structure

The accounts of the individual schools are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of the fund's assets, liabilities, fund equity, revenues, and expenditures. The funds are grouped in the accompanying financial statements as follows:

General Fund

The general fund is used to account for all money to be used for the general operation of the school or for the welfare of the student body. Revenues and expenditures in this fund are not restricted to any specific group or activity.

Restricted Fund

The restricted fund is used to account for money that is restricted for the use of a specific segment of the school population or legally restricted for a specific purpose and not intended to benefit the general school population.

5. Fund Balances

Restricted Fund Balance

Fund balances reported as restricted are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes Basic Education Program (BEP) funds and grant funds.

When both restricted and unrestricted resources are available for use, it is the school system's policy to use restricted resources first, then unrestricted resources as they are needed.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Fund Balances (continued)

Nonspendable Fund Balance

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for inventory in the general fund. There were no nonspendable resources as of June 30, 2016.

Committed Fund Balance

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that as employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. There were no committed resources as of June 30, 2016.

Assigned Fund Balance

Amounts that are constrained by each school's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements. This includes accounts reported in the restricted fund at each school, except for those that account for externally restricted resources as described above. Board of Education allocation amounts not spent by the end of the fiscal year are reflected as assigned in the general fund because the Board's intent is for those resources to be expended for instruction, administration, and/or operations and maintenance.

The Board of Education is authorized to assign amounts for specific purposes with respect to the amounts they allocate to the individual schools. The principal is the official authorized to assign all other amounts to a specific purpose. Authorization is established by the *Tennessee Internal School Uniform Accounting Policy Manual*.

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund at each school that reports amounts for unassigned fund balance. This classification represents fund balance that is not restricted and has not been assigned to specific purposes within the general fund.

When both assigned and unassigned resources are available for use, it is the school system's policy to use assigned resources first, then unassigned resources as they are needed.

The fund balance detail for the Grundy County School System follows. Additional detail is provided on the individual school financial statements.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances:					
	Restricted	Assigned to:			Unassigned
		Athletics	Class and Club	Other	
Coalmont					
General Fund	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 16,137.63
Restricted Fund	811.06	2,038.03	630.72	2,488.84	0.00
GCHS					
General Fund	0.00	0.00	0.00	0.00	6,001.64
Restricted Fund	6,900.85	24,360.15	114,332.49	26,846.02	0.00
North					
General Fund	0.00	0.00	0.00	0.00	25,604.23
Restricted Fund	484.20	6,907.12	6,611.05	7,826.56	0.00
Palmer					
General Fund	0.00	0.00	0.00	0.00	8,906.09
Restricted	0.00	2,084.82	1,013.24	187.91	0.00
Pelham					
General Fund	0.00	0.00	0.00	0.00	12,910.98
Restricted Fund	2,112.57	2,830.80	316.52	191.60	0.00
Swiss Memorial					
General Fund	0.00	0.00	0.00	0.00	9,575.71
Restricted Fund	0.00	2,090.17	588.66	36.81	0.00
Tracy City					
General Fund	0.00	0.00	0.00	0.00	28,284.53
Restricted Fund	6,751.24	5,129.26	177.47	376.97	0.00
Total	\$ 17,059.92 (a)	\$ 45,440.35	\$ 123,670.15	\$ 37,954.71	\$ 107,420.81

(a) - The restricted funds consist of the following: Alumni Fund: \$2,040.07, BEP: \$9,188.40, Donations: \$484.20, Scholarships: \$4,998.78, and Sewanee grant: \$348.47.

NOTE B – COLLATERALIZATION OF DEPOSITS

LEGAL PROVISIONS

All deposits with financial institutions in excess of FDIC limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution(s) that participates in the State of Tennessee Bank Collateral Pool administered by the state treasurer. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

CASH DEPOSITS

Cash in bank represents funds on deposit in various depositories. In compliance with state statutes, all idle school funds are invested in interest bearing checking accounts, savings accounts, and certificates of deposit with various financial institutions.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE B – COLLATERALIZATION OF DEPOSITS (continued)

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the school's deposits may not be returned to it. None of the school's deposits were exposed to custodial credit risk because all balances were entirely insured by the FDIC or through the Bank Collateral Pool with the State of Tennessee.

NOTE C – CAPITAL ASSETS

Capital assets acquired by the individual schools are recorded as expenditures at the time of purchase. Title and accountability for fixed assets purchased pass automatically to the board of education.

NOTE D – COMMITMENTS

Certain schools have entered into annual maintenance agreements with third-party vendors to provide maintenance and servicing of copy machines used by the schools. Such agreements provide for monthly payments and are subject to annual renewal upon the agreement of both parties.

NOTE E – RISK FINANCING ACTIVITY

It is the policy of the Grundy County School Board to purchase commercial insurance covering each school for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker's compensation, employee health and accident, and environmental. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F – DEFICIT FUND BALANCE

At June 30, 2016, the following School had a deficit restricted fund balance:

Swiss Memorial Elementary School:	
Athletics	\$ (269.04)

Any deficit fund balance is the ultimate responsibility of the General Fund.

INDIVIDUAL SCHOOL FINANCIAL STATEMENTS

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
 COALMONT ELEMENTARY SCHOOL
 BALANCE SHEET - REGULATORY BASIS
 June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCE					TOTAL
	Cash in Bank	TOTAL ASSETS	Total Liabilities	Restricted	Assigned	Unassigned	Total Fund Balance	LIABILITIES AND FUND BALANCE
General fund	\$ 16,137.63	\$ 16,137.63	\$ 0.00	\$ 0.00	\$ 0.00	\$ 16,137.63	\$ 16,137.63	\$ 16,137.63
Restricted funds:								
Basketball	1,210.87	1,210.87	0.00	0.00	1,210.87	0.00	1,210.87	1,210.87
Basic Education Program	462.59	462.59	0.00	462.59	0.00	0.00	462.59	462.59
Healthy network	5.10	5.10	0.00	0.00	5.10	0.00	5.10	5.10
School beautification	2,483.74	2,483.74	0.00	0.00	2,483.74	0.00	2,483.74	2,483.74
Sewanee grant	348.47	348.47	0.00	348.47	0.00	0.00	348.47	348.47
Special education	475.29	475.29	0.00	0.00	475.29	0.00	475.29	475.29
Volleyball	827.16	827.16	0.00	0.00	827.16	0.00	827.16	827.16
Yearbook	155.43	155.43	0.00	0.00	155.43	0.00	155.43	155.43
Total restricted funds	<u>5,968.65</u>	<u>5,968.65</u>	<u>0.00</u>	<u>811.06</u>	<u>5,157.59</u>	<u>0.00</u>	<u>5,968.65</u>	<u>5,968.65</u>
Total general and restricted funds	<u>\$ 22,106.28</u>	<u>\$ 22,106.28</u>	<u>\$ 0.00</u>	<u>\$ 811.06</u>	<u>\$ 5,157.59</u>	<u>\$ 16,137.63</u>	<u>\$ 22,106.28</u>	<u>\$ 22,106.28</u>

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
COALMONT ELEMENTARY SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016

	Fund Balance July 1, 2015	Revenue	Expenditures	Revenue Over (Under) Expenditures	Other Financing Sources (Uses)		Fund Balance June 30, 2016
					Transfers In	Transfers Out	
General fund:							
Administrative		\$ 14,832.80	\$ 18,542.38		\$ 668.98	\$ 0.00	
Interest		55.36	0.00		0.00	0.00	
Vending		4,763.60	2,741.01		0.00	0.00	
Total general fund	\$ 17,100.28	19,651.76	21,283.39	\$ (1,631.63)	668.98	0.00	\$ 16,137.63
Restricted funds:							
Basketball	764.05	7,520.02	7,073.20	446.82	0.00	0.00	1,210.87
Basic Education Program	1,027.79	10,447.00	11,012.20	(565.20)	0.00	0.00	462.59
Cheerleading	0.00	1,433.13	1,433.13	0.00	0.00	0.00	0.00
Healthy network	0.00	850.00	844.90	5.10	0.00	0.00	5.10
Pre kindergarten	668.98	0.00	0.00	0.00	0.00	668.98	0.00
School beautification	0.00	4,500.00	2,016.26	2,483.74	0.00	0.00	2,483.74
Sewanee grant	0.00	2,000.00	1,651.53	348.47	0.00	0.00	348.47
Special education - Fugate	1,742.79	263.00	1,530.50	(1,267.50)	0.00	0.00	475.29
Teachers	0.00	3,024.11	3,024.11	0.00	0.00	0.00	0.00
Volleyball	216.93	1,377.23	767.00	610.23	0.00	0.00	827.16
Yearbook	(1,498.66)	5,410.00	3,755.91	1,654.09	0.00	0.00	155.43
Total restricted funds	2,921.88	36,824.49	33,108.74	3,715.75	0.00	668.98	5,968.65
Total general and restricted funds	\$ 20,022.16	\$ 56,476.25	\$ 54,392.13	\$ 2,084.12	\$ 668.98	\$ 668.98	\$ 22,106.28

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
GRUNDY COUNTY HIGH SCHOOL
BALANCE SHEET - REGULATORY BASIS
June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCES					TOTAL
	Cash in	TOTAL	Total	Restricted	Assigned	Unassigned	Total Fund	LIABILITIES
	Bank	ASSETS	Liabilities				Balances	AND FUND
								BALANCES
General fund	\$ 8,918.13	\$ 8,918.13	\$ 2,916.49	\$ 0.00	\$ 0.00	\$ 6,001.64	\$ 6,001.64	\$ 8,918.13
Restricted funds:								
Agriculture	1,450.79	1,450.79	0.00	0.00	1,450.79	0.00	1,450.79	1,450.79
Alternative class	567.32	567.32	0.00	0.00	567.32	0.00	567.32	567.32
Athletics	22,433.51	22,433.51	0.00	0.00	22,433.51	0.00	22,433.51	22,433.51
Auto mechanics	8,561.13	8,561.13	0.00	0.00	8,561.13	0.00	8,561.13	8,561.13
Band	722.47	722.47	0.00	0.00	722.47	0.00	722.47	722.47
Beta Club	8.25	8.25	0.00	0.00	8.25	0.00	8.25	8.25
Big Brother, Big Sister	28.00	28.00	0.00	0.00	28.00	0.00	28.00	28.00
Cheerleading	1,926.64	1,926.64	0.00	0.00	1,926.64	0.00	1,926.64	1,926.64
Chorus	756.66	756.66	0.00	0.00	756.66	0.00	756.66	756.66
Class of 2016	0.92	0.92	0.00	0.00	0.92	0.00	0.92	0.92
Class of 2017	1,192.96	1,192.96	0.00	0.00	1,192.96	0.00	1,192.96	1,192.96
Coca-Cola scoreboard	1,000.00	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	1,000.00
Cosmetology	1,532.65	1,532.65	0.00	0.00	1,532.65	0.00	1,532.65	1,532.65
DECA	119.48	119.48	0.00	0.00	119.48	0.00	119.48	119.48
Drama	316.26	316.26	0.00	0.00	316.26	0.00	316.26	316.26
Drivers education	21.44	21.44	0.00	0.00	21.44	0.00	21.44	21.44
Dual enrollment	4,276.57	4,276.57	0.00	0.00	4,276.57	0.00	4,276.57	4,276.57
Faculty/Staff scholarship	65.00	65.00	0.00	65.00	0.00	0.00	65.00	65.00
Flower fund	1.77	1.77	0.00	0.00	1.77	0.00	1.77	1.77
Fuel Up to Play	0.09	0.09	0.00	0.00	0.09	0.00	0.09	0.09
Future Business Leaders of America	762.68	762.68	0.00	0.00	762.68	0.00	762.68	762.68
Future Community and Career Leaders of America	325.94	325.94	0.00	0.00	325.94	0.00	325.94	325.94
Future Farmers of America	1,569.90	1,569.90	0.00	0.00	1,569.90	0.00	1,569.90	1,569.90
Future Teachers of America	101.73	101.73	0.00	0.00	101.73	0.00	101.73	101.73
General building trades	595.65	595.65	0.00	0.00	595.65	0.00	595.65	595.65
General office account	7,169.38	7,169.38	0.00	0.00	7,169.38	0.00	7,169.38	7,169.38
General scholarship	2,166.34	2,166.34	0.00	2,166.34	0.00	0.00	2,166.34	2,166.34
Government	430.77	430.77	0.00	0.00	430.77	0.00	430.77	430.77
GRIP reading fund	169.97	169.97	0.00	0.00	169.97	0.00	169.97	169.97
Guidance	599.96	599.96	0.00	0.00	599.96	0.00	599.96	599.96
Subtotal	\$ 58,874.23	\$ 58,874.23	\$ 0.00	\$ 2,231.34	\$ 56,642.89	\$ 0.00	\$ 58,874.23	\$ 58,874.23

(continued)

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
GRUNDY COUNTY HIGH SCHOOL
BALANCE SHEET - REGULATORY BASIS (continued)
June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCES					TOTAL
	Cash in	TOTAL	Total	Restricted	Assigned	Unassigned	Total Fund	LIABILITIES
	Bank	ASSETS	Liabilities				Balances	AND FUND
								BALANCES
Subtotal	\$ 58,874.23	\$ 58,874.23	\$ 0.00	\$ 2,231.34	\$ 56,642.89	\$ 0.00	\$ 58,874.23	\$ 58,874.23
Guidance scholarship fund	810.63	810.63	0.00	810.63	0.00	0.00	810.63	810.63
Hall of Fame	1,140.64	1,140.64	0.00	0.00	1,140.64	0.00	1,140.64	1,140.64
Health Occupational Students of America	1,263.01	1,263.01	0.00	0.00	1,263.01	0.00	1,263.01	1,263.01
Hometown scholarship	1,634.00	1,634.00	0.00	1,634.00	0.00	0.00	1,634.00	1,634.00
Howell Adams scholarship	184.81	184.81	0.00	184.81	0.00	0.00	184.81	184.81
Information technology	604.60	604.60	0.00	0.00	604.60	0.00	604.60	604.60
Interact	905.90	905.90	0.00	0.00	905.90	0.00	905.90	905.90
Key club	4,135.47	4,135.47	0.00	0.00	4,135.47	0.00	4,135.47	4,135.47
Library	8.47	8.47	0.00	0.00	8.47	0.00	8.47	8.47
Metals	7,406.86	7,406.86	0.00	0.00	7,406.86	0.00	7,406.86	7,406.86
Miracle on the Mountain	3,305.70	3,305.70	0.00	0.00	3,305.70	0.00	3,305.70	3,305.70
National Honor Society	273.26	273.26	0.00	0.00	273.26	0.00	273.26	273.26
Outdoor classroom	2,253.45	2,253.45	0.00	0.00	2,253.45	0.00	2,253.45	2,253.45
Pep club	185.00	185.00	0.00	0.00	185.00	0.00	185.00	185.00
Project graduation	143.70	143.70	0.00	0.00	143.70	0.00	143.70	143.70
Renaissance	453.29	453.29	0.00	0.00	453.29	0.00	453.29	453.29
Reward	4,600.52	4,600.52	0.00	0.00	4,600.52	0.00	4,600.52	4,600.52
SADD	311.54	311.54	0.00	0.00	311.54	0.00	311.54	311.54
Service learning	1,251.65	1,251.65	0.00	0.00	1,251.65	0.00	1,251.65	1,251.65
Spanish club	5.65	5.65	0.00	0.00	5.65	0.00	5.65	5.65
Student council	2.76	2.76	0.00	0.00	2.76	0.00	2.76	2.76
Summer clerical	944.75	944.75	0.00	0.00	944.75	0.00	944.75	944.75
Teachers	13,593.09	13,593.09	0.00	0.00	13,593.09	0.00	13,593.09	13,593.09
Theatre	2,222.62	2,222.62	0.00	0.00	2,222.62	0.00	2,222.62	2,222.62
Tom C. Clark alumni fund	2,040.07	2,040.07	0.00	2,040.07	0.00	0.00	2,040.07	2,040.07
Vocational carpentry & turf	9,489.18	9,489.18	0.00	0.00	9,489.18	0.00	9,489.18	9,489.18
Vocational general	134.47	134.47	0.00	0.00	134.47	0.00	134.47	134.47
Weather station	29.40	29.40	0.00	0.00	29.40	0.00	29.40	29.40
Yearbook	53,233.62	53,233.62	0.00	0.00	53,233.62	0.00	53,233.62	53,233.62
Youth Leadership	997.17	997.17	0.00	0.00	997.17	0.00	997.17	997.17
Total restricted funds	172,439.51	172,439.51	0.00	6,900.85	165,538.66	0.00	172,439.51	172,439.51
Total general and restricted funds	\$ 181,357.64	\$ 181,357.64	\$ 2,916.49	\$ 6,900.85	\$ 165,538.66	\$ 6,001.64	\$ 178,441.15	\$ 181,357.64

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
GRUNDY COUNTY HIGH SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016

	Fund Balance July 1, 2015	Revenue	Expenditures	Revenue Over (Under) Expenditures	Other Financing Sources (Uses)		Fund Balance June 30, 2016
					Transfers In	Transfers Out	
General fund:							
Administrative		\$ 34.62	\$ 2,194.21	\$ (2,159.59)	\$ 3,206.72	\$ 0.00	
Interest		470.63	0.00	470.63	0.00	450.45	
Total general fund	\$ 4,934.33	505.25	2,194.21	(1,688.96)	3,206.72	450.45	\$ 6,001.64
Restricted funds:							
Agriculture	1,861.41	5,006.23	7,416.85	(2,410.62)	2,000.00	0.00	1,450.79
Alternative class	567.32	0.00	0.00	0.00	0.00	0.00	567.32
Athletics	36,105.09	145,586.55	158,950.63	(13,364.08)	953.15	1,260.65	22,433.51
Auto mechanics	6,336.38	3,442.67	1,217.92	2,224.75	0.00	0.00	8,561.13
AWJ	355.91	0.00	355.91	(355.91)	0.00	0.00	0.00
Band	982.00	0.00	259.53	(259.53)	0.00	0.00	722.47
Basic Education Payments	9.25	18,266.68	18,275.93	(9.25)	0.00	0.00	0.00
Beta club	8.25	0.00	0.00	0.00	0.00	0.00	8.25
Big Brother, Big Sister	28.00	0.00	0.00	0.00	0.00	0.00	28.00
Change	0.00	3,100.00	3,100.00	0.00	0.00	0.00	0.00
Cheerleading	498.06	18,827.45	17,444.87	1,382.58	46.00	0.00	1,926.64
Chorus	587.17	464.24	294.75	169.49	0.00	0.00	756.66
Class of 2015	2,756.27	0.00	0.00	0.00	0.00	2,756.27	0.00
Class of 2016	402.12	30.00	431.20	(401.20)	0.00	0.00	0.92
Class of 2017	0.00	10,745.00	9,544.54	1,200.46	0.00	7.50	1,192.96
Coca-Cola scoreboard	0.00	1,000.00	0.00	1,000.00	0.00	0.00	1,000.00
Cosmetology	1,296.24	2,245.60	2,001.69	243.91	0.00	7.50	1,532.65
DECA	399.97	18,850.60	19,131.09	(280.49)	0.00	0.00	119.48
Drama	922.07	0.00	605.81	(605.81)	0.00	0.00	316.26
Driver's Education	21.44	0.00	0.00	0.00	0.00	0.00	21.44
Dual Enrollment	1,824.93	4,599.50	2,082.86	2,516.64	0.00	65.00	4,276.57
Faculty/Staff scholarship	65.00	0.00	0.00	0.00	0.00	0.00	65.00
Flower fund	0.00	494.00	492.23	1.77	0.00	0.00	1.77
Fruit	80.40	17,098.25	10,398.99	6,699.26	0.00	6,779.66	0.00
Fuel up to play	0.09	0.00	0.00	0.00	0.00	0.00	0.09
Future Business Leaders of America	1,755.29	6,337.42	12,109.69	(5,772.27)	4,779.66	0.00	762.68
Future Community and Career Leaders of America	201.85	300.09	176.00	124.09	0.00	0.00	325.94
Future Farmers of America	1,569.90	0.00	0.00	0.00	0.00	0.00	1,569.90
Future Teachers of America	101.73	0.00	0.00	0.00	0.00	0.00	101.73
General building trades	616.23	135.74	156.32	(20.58)	0.00	0.00	595.65
General office account	11,626.50	13,861.42	17,967.54	(4,106.12)	0.00	351.00	7,169.38
Subtotal	\$ 70,978.87	\$ 270,391.44	\$ 282,414.35	\$ (12,022.91)	\$ 7,778.81	\$ 11,227.58	\$ 55,507.19

(continued)

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS

GRUNDY COUNTY HIGH SCHOOL

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS (continued)

For The Year Ended June 30, 2016

	Fund Balance July 1, 2015	Revenue	Expenditures	Revenue Over (Under) Expenditures	Other Financing Sources (Uses)		Fund Balance June 30, 2016
					Transfers In	Transfers Out	
Subtotal	\$ 70,978.87	\$ 270,391.44	\$ 282,414.35	\$ (12,022.91)	\$ 7,778.81	\$ 11,227.58	\$ 55,507.19
General scholarship	2,166.34	0.00	0.00	0.00	0.00	0.00	2,166.34
Government	430.77	0.00	0.00	0.00	0.00	0.00	430.77
GRIP reading fund	198.97	0.00	29.00	(29.00)	0.00	0.00	169.97
Guidance	238.05	746.30	384.39	361.91	0.00	0.00	599.96
Guidance scholarship fund	1,060.63	0.00	250.00	(250.00)	0.00	0.00	810.63
Hall of Fame	315.50	2,872.64	2,047.50	825.14	0.00	0.00	1,140.64
Health Occupational Students of America	2,981.38	3,706.71	5,425.08	(1,718.37)	0.00	0.00	1,263.01
Hometown scholarship	1,634.00	0.00	0.00	0.00	0.00	0.00	1,634.00
Howell Adams scholarship	1,023.81	1,500.00	2,339.00	(839.00)	0.00	0.00	184.81
Information technology	344.51	260.09	0.00	260.09	0.00	0.00	604.60
Interact	940.90	65.00	50.00	15.00	0.00	50.00	905.90
Key club	4,145.47	0.00	10.00	(10.00)	0.00	0.00	4,135.47
Library	5,221.54	0.00	413.93	(413.93)	0.00	4,799.14	8.47
Metals	4,167.81	15,160.03	12,220.98	2,939.05	300.00	0.00	7,406.86
Miracle on the Mountain	0.00	3,270.70	5,015.00	(1,744.30)	5,050.00	0.00	3,305.70
National Honor Society	472.33	2,899.50	3,098.57	(199.07)	0.00	0.00	273.26
Outdoor classroom	2,812.03	0.00	558.58	(558.58)	0.00	0.00	2,253.45
Pep club	0.00	185.00	0.00	185.00	0.00	0.00	185.00
Project graduation	157.10	2,986.00	2,999.40	(13.40)	0.00	0.00	143.70
Renaissance	460.29	1,650.00	1,657.00	(7.00)	0.00	0.00	453.29
Reward	2,831.63	81.30	957.10	(875.80)	2,644.69	0.00	4,600.52
SADD	311.54	0.00	0.00	0.00	0.00	0.00	311.54
Service learning	1,251.65	0.00	0.00	0.00	0.00	0.00	1,251.65
Spanish club	0.00	31.10	25.45	5.65	0.00	0.00	5.65
Student council	102.76	116.00	216.00	(100.00)	0.00	0.00	2.76
Summer clerical	1,077.63	2,186.00	2,318.88	(132.88)	0.00	0.00	944.75
Teachers	15,541.46	11,789.72	11,268.40	521.32	0.00	2,469.69	13,593.09
Theatre	2,222.62	0.00	0.00	0.00	0.00	0.00	2,222.62
Tom C Clark alumni fund	2,040.07	0.00	0.00	0.00	0.00	0.00	2,040.07
Vocational carpentry and turf	3,006.36	9,984.31	3,501.49	6,482.82	0.00	0.00	9,489.18
Vocational general	2,954.47	13,154.77	15,974.77	(2,820.00)	0.00	0.00	134.47
Weather station	324.70	0.00	295.30	(295.30)	0.00	0.00	29.40
Yearbook	51,606.59	44,148.50	42,538.11	1,610.39	16.64	0.00	53,233.62
Youth Leadership	3,519.61	615.00	3,137.44	(2,522.44)	0.00	0.00	997.17
Total restricted funds	186,541.39	387,800.11	399,145.72	(11,345.61)	15,790.14	18,546.41	172,439.51
Total general and restricted funds	\$ 191,475.72	\$ 388,305.36	\$ 401,339.93	\$ (13,034.57)	\$ 18,996.86	\$ 18,996.86	\$ 178,441.15

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
NORTH ELEMENTARY SCHOOL
BALANCE SHEET - REGULATORY BASIS
June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCES					TOTAL
	Cash in Bank	TOTAL ASSETS	Total Liabilities	Restricted	Assigned	Unassigned	Total Fund Balances	LIABILITIES AND FUND BALANCES
General fund	\$ 25,604.23	\$ 25,604.23	\$ 0.00	\$ 0.00	\$ 0.00	\$ 25,604.23	\$ 25,604.23	\$ 25,604.23
Restricted funds:								
Athletic	6,906.12	6,906.12	0.00	0.00	6,906.12	0.00	6,906.12	6,906.12
Cheerleading	1.00	1.00	0.00	0.00	1.00	0.00	1.00	1.00
Donation - K. Hill	484.20	484.20	0.00	484.20	0.00	0.00	484.20	484.20
Eighth grade	171.77	171.77	0.00	0.00	171.77	0.00	171.77	171.77
Fall festival	5,450.97	5,450.97	0.00	0.00	5,450.97	0.00	5,450.97	5,450.97
T-shirts	1,006.34	1,006.34	0.00	0.00	1,006.34	0.00	1,006.34	1,006.34
Teachers	1,027.58	1,027.58	0.00	0.00	1,027.58	0.00	1,027.58	1,027.58
Walking trail	1,369.25	1,369.25	0.00	0.00	1,369.25	0.00	1,369.25	1,369.25
Yearbook	5,411.70	5,411.70	0.00	0.00	5,411.70	0.00	5,411.70	5,411.70
Total restricted funds	21,828.93	21,828.93	0.00	484.20	21,344.73	0.00	21,828.93	21,828.93
Total general and restricted funds	\$ 47,433.16	\$ 47,433.16	\$ 0.00	\$ 484.20	\$ 21,344.73	\$ 25,604.23	\$ 47,433.16	\$ 47,433.16

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS

NORTH ELEMENTARY SCHOOL

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2016

	Fund Balance July 1, 2015	Revenue	Expenditures	Revenue Over (Under) Expenditures	Fund Balance June 30, 2016
General fund					
Box tops		\$ 902.70	\$ 236.18		
Contracted services		0.00	1,077.30		
Donations		4,669.00	99.00		
Instructional supplies		0.00	1,574.50		
Interest		93.04	0.00		
Physical education equipment		1,118.88	1,431.12		
Pictures		5,010.86	0.00		
Supplies and maintenance		0.00	2,204.46		
Telephone		0.00	3,564.62		
Vending		4,176.16	2,653.00		
Total general fund	\$ 22,473.77	15,970.64	12,840.18	\$ 3,130.46	\$ 25,604.23
Restricted funds:					
Athletic	7,145.10	16,226.86	16,465.84	(238.98)	6,906.12
Basic Education Program	0.00	10,075.00	10,075.00	0.00	0.00
Cheerleading	1.00	953.07	953.07	0.00	1.00
Donation - K. Hill	484.20	0.00	0.00	0.00	484.20
Eighth grade	815.80	488.02	1,132.05	(644.03)	171.77
Fall festival	7,593.19	3,663.00	5,805.22	(2,142.22)	5,450.97
T-shirts	1,036.34	348.20	378.20	(30.00)	1,006.34
Teachers	1,161.89	5,697.00	5,831.31	(134.31)	1,027.58
Walking trail	837.25	532.00	0.00	532.00	1,369.25
Yearbook	5,497.25	4,083.00	4,168.55	(85.55)	5,411.70
Total restricted funds	24,572.02	42,066.15	44,809.24	(2,743.09)	21,828.93
Total general and restricted funds	\$ 47,045.79	\$ 58,036.79	\$ 57,649.42	\$ 387.37	\$ 47,433.16

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
PALMER ELEMENTARY SCHOOL
BALANCE SHEET - REGULATORY BASIS
June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCES					TOTAL
	Cash in Bank	TOTAL ASSETS	Total Liabilities	Assigned	Unassigned	Total Fund Balances	TOTAL LIABILITIES AND FUND BALANCES	
General fund	\$ 8,906.09	\$ 8,906.09	\$ 0.00	\$ 0.00	\$ 8,906.09	\$ 8,906.09	\$ 8,906.09	
Restricted funds:								
Athletics	2,084.82	2,084.82	0.00	2,084.82	0.00	2,084.82	2,084.82	
Eighth grade	1,013.24	1,013.24	0.00	1,013.24	0.00	1,013.24	1,013.24	
Teacher's lounge	187.91	187.91	0.00	187.91	0.00	187.91	187.91	
Total restricted funds	3,285.97	3,285.97	0.00	3,285.97	0.00	3,285.97	3,285.97	
Total general and restricted funds	\$ 12,192.06	\$ 12,192.06	\$ 0.00	\$ 3,285.97	\$ 8,906.09	\$ 12,192.06	\$ 12,192.06	

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
PALMER ELEMENTARY SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016

	Fund Balance July 1, 2015	Revenue	Expenditures	Revenue Over (Under) Expenditures	Fund Balance June 30, 2016
General fund					
Awards		\$ 0.00	\$ 1,111.54		
Board allotment		1,750.00	0.00		
Book fair		2,227.40	2,226.60		
Box tops		1,004.90	57.98		
Copier lease		0.00	1,839.55		
Donations		9,697.30	0.00		
Field trips		5,254.00	4,946.00		
Fundraisers		14,006.10	7,707.17		
Instructional supplies		0.00	5,304.03		
Interest		39.13	0.00		
Janitorial supplies		0.00	894.06		
Miscellaneous		276.97	865.50		
Office supplies		0.00	444.36		
Pictures		2,750.00	0.00		
School equipment		0.00	7,271.07		
Telephone		0.00	4,363.31		
Vending		894.65	510.98		
Yearbook		2,884.00	2,792.23		
Total general fund	\$ 8,456.02	40,784.45	40,334.38	\$ 450.07	\$ 8,906.09
Restricted funds:					
Athletic	1,217.36	14,644.78	13,777.32	867.46	2,084.82
Basic Education Program	0.00	6,510.00	6,510.00	0.00	0.00
Eighth grade	1,696.10	0.00	682.86	(682.86)	1,013.24
Teacher's lounge	1,116.02	1,631.00	2,559.11	(928.11)	187.91
Total restricted funds	4,029.48	22,785.78	23,529.29	(743.51)	3,285.97
Total general and restricted funds	\$ 12,485.50	\$ 63,570.23	\$ 63,863.67	\$ (293.44)	\$ 12,192.06

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
 PELHAM ELEMENTARY SCHOOL
 BALANCE SHEET - REGULATORY BASIS
 June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCES					TOTAL
	Cash in Bank	TOTAL ASSETS	Total Liabilities	Restricted	Assigned	Unassigned	Total Fund Balances	LIABILITIES AND FUND BALANCES
General fund	\$ 12,910.98	\$ 12,910.98	\$ 0.00	\$ 0.00	\$ 0.00	\$ 12,910.98	\$ 12,910.98	\$ 12,910.98
Restricted funds:								
6th - 8th grade	316.52	316.52	0.00	0.00	316.52	0.00	316.52	316.52
Basic Education Program	2,112.57	2,112.57	0.00	2,112.57	0.00	0.00	2,112.57	2,112.57
Basketball	1,618.91	1,618.91	0.00	0.00	1,618.91	0.00	1,618.91	1,618.91
Outdoor garden	191.60	191.60	0.00	0.00	191.60	0.00	191.60	191.60
Volleyball	1,211.89	1,211.89	0.00	0.00	1,211.89	0.00	1,211.89	1,211.89
Total restricted funds	5,451.49	5,451.49	0.00	2,112.57	3,338.92	0.00	5,451.49	5,451.49
Total general and restricted funds	\$ 18,362.47	\$ 18,362.47	\$ 0.00	\$ 2,112.57	\$ 3,338.92	\$ 12,910.98	\$ 18,362.47	\$ 18,362.47

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
PELHAM ELEMENTARY SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016

	<u>Fund Balance July 1, 2015</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue Over (Under) Expenditures</u>	<u>Fund Balance June 30, 2016</u>
General fund					
Awards		\$ 0.00	\$ 1,422.18		
Book fair		1,477.51	1,477.51		
Box tops		1,774.70	0.00		
Building supplies		0.00	219.82		
Concessions		2,535.25	1,077.04		
Donations		1,119.86	0.00		
Educational materials		0.00	1,431.27		
Fall festival		4,428.85	1,028.19		
Field trips		294.00	282.00		
Field trip shirts		901.00	856.00		
Interest		19.13	0.00		
Miscellaneous		0.00	872.14		
Pictures		2,302.50	0.00		
Playground sign		0.00	850.00		
Telephone		0.00	3,715.23		
Vending		3,373.50	2,280.02		
Yearbook		1,440.00	2,450.33		
Total general fund	\$ 11,206.41	19,666.30	17,961.73	\$ 1,704.57	\$ 12,910.98
Restricted funds:					
6th - 8th grade	0.00	1,433.35	1,116.83	316.52	316.52
Basic Education Program	396.43	5,925.00	4,208.86	1,716.14	2,112.57
Basketball	1,093.76	5,276.00	4,750.85	525.15	1,618.91
Outdoor garden	500.00	0.00	308.40	(308.40)	191.60
Volleyball	47.30	2,421.73	1,257.14	1,164.59	1,211.89
Total restricted funds	2,037.49	15,056.08	11,642.08	3,414.00	5,451.49
Total general and restricted funds	\$ 13,243.90	\$ 34,722.38	\$ 29,603.81	\$ 5,118.57	\$ 18,362.47

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
 SWISS MEMORIAL ELEMENTARY SCHOOL
 BALANCE SHEET - REGULATORY BASIS
 June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCES				TOTAL
	Cash in Bank	TOTAL ASSETS	Total Liabilities	Assigned	Unassigned	Total Fund Balances	LIABILITIES AND FUND BALANCES
General fund	\$ 9,575.71	\$ 9,575.71	\$ 0.00	\$ 0.00	\$ 9,575.71	\$ 9,575.71	\$ 9,575.71
Restricted funds:							
8th grade	59.64	59.64	0.00	59.64	0.00	59.64	59.64
Athletic	(269.04)	(269.04)	0.00	(269.04)	0.00	(269.04)	(269.04)
Cheerleading	1,083.06	1,083.06	0.00	1,083.06	0.00	1,083.06	1,083.06
Fuel up to play	4.62	4.62	0.00	4.62	0.00	4.62	4.62
Garden club	529.02	529.02	0.00	529.02	0.00	529.02	529.02
Organ Wise	9.94	9.94	0.00	9.94	0.00	9.94	9.94
Paw Bucks	22.25	22.25	0.00	22.25	0.00	22.25	22.25
Volleyball	1,276.15	1,276.15	0.00	1,276.15	0.00	1,276.15	1,276.15
Total restricted funds	2,715.64	2,715.64	0.00	2,715.64	0.00	2,715.64	2,715.64
Total general and restricted funds	\$ 12,291.35	\$ 12,291.35	\$ 0.00	\$ 2,715.64	\$ 9,575.71	\$ 12,291.35	\$ 12,291.35

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
SWISS MEMORIAL ELEMENTARY SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016

	Fund Balance			Revenue Over	Other Financing Sources (Uses)		Fund Balance
	July 1, 2015	Revenue	Expenditures	(Under)	Transfers In	Transfers Out	June 30, 2016
				Expenditures			
General fund							
Administrative		\$ 0.00	\$ 6,985.30		\$ 0.00	\$ 0.00	
Donations		25.00	0.00		0.00	0.00	
Board allotment		2,450.00	0.00		0.00	0.00	
Field trips		706.00	645.99		0.00	29.82	
Fundraisers		3,389.20	2,763.46		0.00	755.38	
Instructional		0.00	2,367.53		0.00	51.44	
Interest		40.55	0.00		0.00	0.00	
Janitorial supplies		0.00	352.97		0.00	0.00	
Miscellaneous		416.00	2,444.87		0.00	192.54	
Pictures		2,513.76	0.00		0.00	0.00	
Teachers		2,356.00	2,760.79		3,540.74	0.00	
Vending		2,018.05	1,721.30		0.00	0.00	
Yearbook		3,615.00	3,056.11		0.00	0.00	
Total general fund	\$ 12,632.91	17,529.56	23,098.32	\$ (5,568.76)	3,540.74	1,029.18	\$ 9,575.71
Restricted funds:							
8th grade	29.82	0.00	0.00	0.00	29.82	0.00	59.64
Athletic	(1,525.35)	9,844.30	8,587.99	1,256.31	0.00	0.00	(269.04)
Basic Education Program	0.00	8,125.00	4,584.26	3,540.74	0.00	3,540.74	0.00
Cheerleading	538.71	1,838.35	2,049.38	(211.03)	755.38	0.00	1,083.06
Fuel up to play	0.00	4,000.00	3,995.38	4.62	0.00	0.00	4.62
Garden club	0.00	2,000.00	1,636.31	363.69	165.33	0.00	529.02
Organ Wise	3.74	850.00	843.80	6.20	0.00	0.00	9.94
Paw Bucks	0.00	741.53	770.72	(29.19)	51.44	0.00	22.25
Volleyball	530.71	1,512.60	794.37	718.23	27.21	0.00	1,276.15
Total restricted funds	(422.37)	28,911.78	23,262.21	5,649.57	1,029.18	3,540.74	2,715.64
Total general and restricted funds	\$ 12,210.54	\$ 46,441.34	\$ 46,360.53	\$ 80.81	\$ 4,569.92	\$ 4,569.92	\$ 12,291.35

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
 TRACY CITY ELEMENTARY SCHOOL
 BALANCE SHEET - REGULATORY BASIS
 June 30, 2016

	ASSETS		LIABILITIES AND FUND BALANCES					TOTAL
	Cash in Bank	TOTAL ASSETS	Total Liabilities	Restricted	Assigned	Unassigned	Total Fund Balances	LIABILITIES AND FUND BALANCES
General fund	\$ 28,284.53	\$ 28,284.53	\$ 0.00	\$ 0.00	\$ 0.00	\$ 28,284.53	\$ 28,284.53	\$ 28,284.53
Restricted funds:								
Athletic	3,727.95	3,727.95	0.00	0.00	3,727.95	0.00	3,727.95	3,727.95
Basic Education Program	6,613.24	6,613.24	0.00	6,613.24	0.00	0.00	6,613.24	6,613.24
BETA club	20.20	20.20	0.00	0.00	20.20	0.00	20.20	20.20
Flower fund	7.80	7.80	0.00	0.00	7.80	0.00	7.80	7.80
Scholarship	138.00	138.00	0.00	138.00	0.00	0.00	138.00	138.00
Seventh and eighth grade	157.27	157.27	0.00	0.00	157.27	0.00	157.27	157.27
Teachers lounge	369.17	369.17	0.00	0.00	369.17	0.00	369.17	369.17
Volleyball	1,401.31	1,401.31	0.00	0.00	1,401.31	0.00	1,401.31	1,401.31
Total restricted funds	12,434.94	12,434.94	0.00	6,751.24	5,683.70	0.00	12,434.94	12,434.94
Total general and restricted funds	\$ 40,719.47	\$ 40,719.47	\$ 0.00	\$ 6,751.24	\$ 5,683.70	\$ 28,284.53	\$ 40,719.47	\$ 40,719.47

The accompanying notes are an integral part of the financial statements.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
TRACY CITY ELEMENTARY SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016

	Fund Balance July 1, 2015	Revenue	Expenditures	Revenue Over (Under) Expenditures	Fund Balance June 30, 2016
General fund					
Board allotment		\$ 3,850.00	\$ 0.00		
Bookfair		4,069.85	3,728.91		
Box tops		0.00	1,383.87		
Donations		2,386.14	258.57		
Drinks		5,273.25	4,318.00		
Fundraisers		29,661.87	19,947.50		
Field trips		1,896.00	1,722.08		
Instructional supplies		35.54	3,579.26		
Interest		92.63	0.00		
Miscellaneous		233.95	5,834.57		
Office		3.00	5,208.99		
Operations and maintenance		0.00	3,069.07		
Scholarship		138.00	300.00		
Telephone		0.00	2,713.57		
Yearbook		63.00	0.00		
Total general fund	\$ 32,645.69	47,703.23	52,064.39	\$ (4,361.16)	\$ 28,284.53
Restricted funds:					
Athletic	5,637.18	11,576.19	13,485.42	(1,909.23)	3,727.95
Basic Education Program	608.21	12,227.11	6,222.08	6,005.03	6,613.24
BETA club	84.08	365.00	428.88	(63.88)	20.20
Cheerleading	35.29	1,033.79	1,069.08	(35.29)	0.00
Flower fund	214.60	275.00	481.80	(206.80)	7.80
Scholarship	0.00	138.00	0.00	138.00	138.00
Seventh and eighth grade	153.66	229.66	226.05	3.61	157.27
Summer camp K-5	0.00	717.00	717.00	0.00	0.00
Teachers lounge	977.50	4,078.54	4,686.87	(608.33)	369.17
Volleyball	0.00	3,164.25	1,762.94	1,401.31	1,401.31
Total restricted funds	7,710.52	33,804.54	29,080.12	4,724.42	12,434.94
Total general and restricted funds	\$ 40,356.21	\$ 81,507.77	\$ 81,144.51	\$ 363.26	\$ 40,719.47

The accompanying notes are an integral part of the financial statements.

SUPPLEMENTAL SCHEDULES AND OTHER INFORMATION

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
OTHER SUPPLEMENTARY INFORMATION
June 30, 2016

SCHEDULE OF CASH BY DEPOSITORY

<u>School</u>	<u>Total</u>	<u>Citizens Tri-County Bank, Dunlap, Tennessee</u>	<u>First National Bank, Manchester, Tennessee</u>
Coalmont Elementary	\$ 22,106.28	\$ 22,106.28	\$ 0.00
Grundy County High School	181,357.64	181,357.64	0.00
North Elementary	47,433.16	47,433.16	0.00
Palmer Elementary	12,192.06	12,192.06	0.00
Pelham Elementary	18,362.47	0.00	18,362.47
Swiss Memorial Elementary	12,291.35	12,291.35	0.00
Tracy City Elementary	40,719.47	40,719.47	0.00
Totals	\$ <u>334,462.43</u>	\$ <u>316,099.96</u>	\$ <u>18,362.47</u>

See Accompanying Independent Auditors' Report.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
OTHER SUPPLEMENTARY INFORMATION
June 30, 2016

SCHEDULE OF FIDELITY BOND COVERAGE

Company:	Local Government Insurance Pool
Type of Coverage:	Official's Fidelity Bond
Amount:	\$150,000 each and every loss
Period Covered:	07/01/15 - 07/01/16
Positions Covered:	Employees

Company:	Western Surety Company
Type of Coverage:	Official's Fidelity Bond
Amount:	\$100,000 each and every loss
Period Covered:	07/01/15 - 07/01/16
Positions Covered:	Director of Schools

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
OTHER SUPPLEMENTARY INFORMATION
June 30, 2016

SCHEDULE OF INTERFUND TRANSFERS

COALMONT ELEMENTARY SCHOOL

Transferred to:

Transferred from:	<u>Totals</u>	<u>Administrative</u>
Pre-kindergarten	\$ 668.98	\$ 668.98
Totals:	<u>\$ 668.98</u>	<u>\$ 668.98</u>

GRUNDY COUNTY HIGH SCHOOL

Transferred to:

						Future Business Leaders of America	Metals	Miracle on the Mountain	Reward	Yearbook
Transferred from:	<u>Totals</u>	<u>Administrative</u>	<u>Agriculture</u>	<u>Athletics</u>	<u>Cheerleading</u>					
Athletics	\$ 1,260.65	\$ 1,260.65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Class of 2015	2,756.27	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	756.27	0.00
Class of 2017	7.50	0.00	0.00	0.00	7.50	0.00	0.00	0.00	0.00	0.00
Cosmetology	7.50	0.00	0.00	0.00	7.50	0.00	0.00	0.00	0.00	0.00
Dual Enrollment	65.00	0.00	0.00	0.00	31.00	0.00	0.00	0.00	34.00	0.00
Fruit	6,779.66	0.00	0.00	0.00	0.00	0.00	0.00	5,050.00	1,729.66	0.00
General office account	351.00	0.00	0.00	0.00	0.00	0.00	300.00	0.00	51.00	0.00
Interact	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00
Interest	450.45	450.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library	4,799.14	2.84	0.00	0.00	0.00	4,779.66	0.00	0.00	0.00	16.64
Teachers	2,469.69	1,492.78	0.00	953.15	0.00	0.00	0.00	0.00	23.76	0.00
Totals:	<u>\$ 18,996.86</u>	<u>\$ 3,206.72</u>	<u>\$ 2,000.00</u>	<u>\$ 953.15</u>	<u>\$ 46.00</u>	<u>\$ 4,779.66</u>	<u>\$ 300.00</u>	<u>\$ 5,050.00</u>	<u>\$ 2,644.69</u>	<u>\$ 16.64</u>

See Accompanying Independent Auditors' Report.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
 OTHER SUPPLEMENTARY INFORMATION
 June 30, 2016

SCHEDULE OF INTERFUND TRANSFERS (continued)

SWISS MEMORIAL ELEMENTARY SCHOOL

Transferred to:

Transferred from:	Totals	8th grade	Cheerleading	Garden Club	Paw Bucks	Teacher	Volleyball
Basic Education Program	\$ 3,540.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,540.74	\$ 0.00
Field trips	29.82	29.82	0.00	0.00	0.00	0.00	0.00
Fundraisers	755.38	0.00	755.38	0.00	0.00	0.00	0.00
Instructional	51.44	0.00	0.00	0.00	51.44	0.00	0.00
Other	192.54	0.00	0.00	165.33	0.00	0.00	27.21
Totals:	<u>\$ 4,569.92</u>	<u>\$ 29.82</u>	<u>\$ 755.38</u>	<u>\$ 165.33</u>	<u>\$ 51.44</u>	<u>\$ 3,540.74</u>	<u>\$ 27.21</u>

See Accompanying Independent Auditors' Report.

GRUNDY COUNTY SCHOOLS - INTERNAL SCHOOL FUNDS
OTHER SUPPLEMENTARY INFORMATION
June 30, 2016

SCHEDULE OF SALARY SUPPLEMENTS

<u>School</u>	<u>Amount</u>	<u>Source of Funds</u>	<u>Board Approved</u>	<u>Proper Withholding</u>
<u>COALMONT ELEMENTARY SCHOOL</u> None noted.				
<u>GRUNDY COUNTY HIGH SCHOOL</u> None noted.				
<u>NORTH ELEMENTARY SCHOOL</u> None noted.				
<u>PALMER ELEMENTARY SCHOOL</u> None noted.				
<u>PELHAM ELEMENTARY SCHOOL</u> None noted.				
<u>SWISS MEMORIAL ELEMENTARY SCHOOL</u> None noted.				
<u>TRACY CITY ELEMENTARY SCHOOL</u>				
Kim McElroy	\$ 300.00	Fundraiser	No	No
Total	<u>\$ 300.00</u>			

INTERNAL CONTROL AND COMPLIANCE SECTION



BEAN, RHOTON & KELLEY, PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board Members
Grundy County Board of Education
Altamont, Tennessee

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined balance sheet – regulatory basis of the Grundy County Schools Internal School Funds, as of June 30, 2016 and the related combined statement of revenues, expenditures, and changes in fund balances – regulatory basis for the year then ended, and the related notes to the financial statements, which collectively comprise the Grundy County Schools Internal School Funds' basic financial statements. We have also audited the individual school balance sheets – regulatory basis and the individual school statements of revenues, expenditures, and changes in fund balances – regulatory basis presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2016, and have issued our report thereon dated February 28, 2017. The report on Grundy County Schools Internal School Funds was adverse in relation to conformity with accounting principles generally accepted in the United States of America and unmodified in relation to the financial statements prepared in conformity with the accounting practices prescribed by the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America, except for Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary, which were adverse as a result of Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary being unable to provide adequate accounting records that would allow us to sufficiently perform auditing procedures. As a result, a timely and effective way to test accounting records is not determinable. Additionally, Coalmont Elementary, North Elementary, and Tracy City Elementary were unable to provide adequate documentation to support their receipting process. As a result, a timely and effective way to test all revenues is not determinable. In addition, Grundy County High was qualified due to being unable to provide adequate documentation for the receipting and purchasing processes for some restricted activities. As a result, a timely and effective way to test revenues and expenditures for those activities is not determinable.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grundy County Schools Internal School Funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grundy County Schools Internal School Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy County Schools Internal School Funds' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [2009-001, 2009-003, 2010-001, 2010-002, 2010-003, 2010-004, 2010-008, and 2010-009].

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies [2009-005, 2010-006, 2010-007, 2014-002, 2016-001, 2016-002, and 2016-003].

Compliance and Other Matters

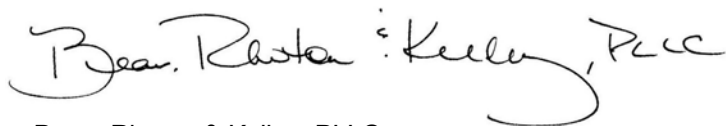
As part of obtaining reasonable assurance about whether Grundy County Schools Internal School Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items [2009-004, 2010-005, 2011-001, and 2015-001].

Grundy County Schools Internal School Funds' Responses to Findings

Grundy County Schools Internal School Funds' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Grundy County Schools Internal School Funds' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Bean, Rhoton & Kelley, PLLC". The signature is stylized and cursive.

Bean, Rhoton & Kelley, PLLC
Winchester, Tennessee
February 28, 2017

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2016

I. Summary of Auditors' Results

- A. The June 30, 2016 Auditors' Report on the financial statements was unmodified, except for Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary, which were adverse as a result of Coalmont Elementary, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary being unable to provide adequate accounting records that would allow us to sufficiently perform auditing procedures. As a result, a timely and effective way to test accounting records is not determinable. Additionally, Coalmont Elementary, North Elementary, and Tracy City Elementary were unable to provide adequate documentation to support their receipting process. As a result, a timely and effective way to test all revenues is not determinable. In addition, Grundy County High was qualified due to being unable to provide adequate documentation for the receipting and purchasing processes for some restricted activities. As a result, a timely and effective way to test revenues and expenditures for those activities is not determinable.
- B. Significant deficiencies in internal control were disclosed by the audit team and are discussed below in findings 2009-005, 2010-006, 2010-007, 2014-002, 2016-001, 2016-002, and 2016-003.
- C. Findings 2009-001, 2009-003, 2010-001, 2010-002, 2010-003, 2010-004, 2010-008, and 2010-009 are considered material weaknesses.
- D. Instances of noncompliance were disclosed by the audit and are discussed below in findings 2009-004, 2010-005, 2011-001, and 2015-001.

II. Findings Related to the Financial Statements, which are required to be reported in accordance with *Government Auditing Standards*.

(2009-001) Accounting Records

In the prior fiscal year, Coalmont Elementary School did not maintain a traditional set of books and records. The School did not maintain a general ledger, nor did they prepare periodic financial statements.

During the current fiscal year, North Elementary, Swiss Memorial Elementary, and Tracy City Elementary were also found to not maintain a traditional set of books.

Recommendation:

The general ledger provides a summary of school financial activities and is essential to balancing the books and balancing the bank statements, and preparing the financial statements. In addition, a general ledger is a required accounting record, see Section 7 of the *Tennessee Internal School Uniform Accounting Policy Manual*.

Director's Comment:

We will look into the implementation of a general ledger and the training required for its use.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2009-002) Bank Reconciliation

During testing, it was noted that bank accounts are not being reconciled properly.

Disposition:

As of June 30, 2016, this problem no longer exists.

(2009-003) Faculty Receipts/Collection Logs

Faculty receipts/collection logs or other similar records were not available for testing.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES (continued)
June 30, 2016

(2009-003) Faculty Receipts/Collection Logs (continued)

Recommendation:

Faculty should maintain some type of log or other receipt that shows the dates and amounts collected by the faculty member. A copy of these collection records would support the overall receipt prepared by the office. Reference is Section 5 of the *Tennessee Internal School Uniform Accounting Policy Manual*. An alternative to collection logs would be pre-numbered receipt books.

Director's Comment:

We will make every effort to comply.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2009-004) Three Day Bank Deposit Law

Testing revealed that deposits were not always made within three days of receipt.

Recommendation:

Monies received should be deposited with the bank as soon as possible. Cash funds should never be kept at the School for long periods of time. State requirements are that deposits should be made within three banking days of receipt. Reference is Title 2 of Section 6 in the *Tennessee Internal School Uniform Accounting Policy Manual*.

Director's Comment:

We will make every effort to comply.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2009-005) Segregation of Duties

At most schools, there is an inadequate separation of duties. Bookkeepers are usually solely responsible for receipting and recording all collections, preparing and making bank deposits, preparing and issuing checks, and preparing bank reconciliations.

Recommendation:

A system of internal controls needs to be established so that no one individual has complete control over a transaction. We realize that the staff is limited at most of the schools. However, according to Section 4 of the *Tennessee Internal School Uniform Accounting Policy Manual*, "bank reconciliations should be prepared and reviewed at least monthly by someone who is independent of the receiving and recording functions".

Director's Comment:

We realize this is a problem and we will experiment with different possibilities.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-001) Receipt Information

While testing receipts, we found numerous instances of receipts not being filled out properly. We found instances where receipts were incomplete, altered, and where voided receipts were not properly handled. We also found numerous posting errors and receipt protocol deviations. Instances were noted where faculty receipts did not reconcile to the corresponding bookkeeper's receipt.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES (continued)
June 30, 2016

(2010-001) Receipt Information (continued)

Recommendation:

Receipt books should stay intact to ensure proper control of all receipts, issued or voided. All pre-numbered receipts must identify the purpose for the payment and the corresponding amount or other documentations must be attached to the receipt. All receipts should be prepared and signed by the individual who is collecting the monies. Voided receipts should be retained and stapled to the carbon.

Director's Comment:

We will address this problem and correct it.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-002) Bank Statement Tracing

In the prior fiscal year, while tracing receipts to the bank statement, we noticed several instances of improper cash deposit reporting. We noted instances of receipts that were not recorded in the general ledger, where deposit amounts did not reconcile to corresponding receipts, where different dates were recorded in the cash receipts journal and the receipt, and where receipt totals and dates did not match general ledger posting.

During the current fiscal year, testing also revealed instances of monies being deposited into the bank account, yet no related receipts being available for testing.

Recommendation:

Deposit slips should be complete and itemized. Amounts should be consistent from the receipt, to the deposit slip, and then to the general ledger. Dates should also be consistent from the deposit slip to the general ledger.

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-003) Ticket Reconciliations

While testing ticket reconciliations, we found that several ticket reconciliations were completed improperly. Instances were noted of alterations and pencil being used instead of ink. We also found white out being used and change not being handled properly.

Recommendation:

All ticket reconciliations should be signed by the ticket sellers in ink, not pencil, and all blanks should be filled out and reviewed for math errors. Admissions include all events to which a fee is charged and paid in advance or upon entering.

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES (continued)
June 30, 2016

(2010-004) Fundraisers

During our audit, we found a lack of supporting documentation of fundraising activities that inhibited the reconciliation of such activities. Testing revealed instances of report templates provided in the *Tennessee Internal School Uniform Accounting Policy Manual* not being available for testing. Additionally, instances were noted of revenues related to fundraising activities not being deposited in a reasonable amount of time.

Recommendation:

These records should be established and maintained to avoid the risk of loss. Such record can help to establish control over such assets and reduce the likelihood of loss to pricing or theft. All individuals involved in fundraising activities should be made aware of the Board requirement for approval of such activity before fundraising events are held.

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-005) Sales Tax

While testing disbursements, we found that the schools were not in compliance with sales tax rulings. We found instances where the school paid sales tax on school related items. Conversely, we found instances where the schools failed to pay sales tax on resale items.

Recommendation:

To avoid unnecessary expenditure of funds, the schools should review all invoices and deduct any sales tax before making payment to the vendor. Also, sales tax should be paid on all resale items. Regardless of whether the vendor collects the tax, the ultimate responsibility lies with the schools.

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-006) Purchase Orders

While testing disbursements, we found instances where the purchase orders were not available for testing, improperly completed, or altered. We noted purchase orders that were dated after the invoice. We also noted the use of white out. There were also multiple occasions where an approval signature was not obtained for the purchase.

Recommendation:

Purchase orders are to be filled out and approved before the purchase of goods. Purchase orders should be completed and signed by the faculty member making the request, including the date of purchase, the details, and cost of each item. A separate purchase order should be filled out and approved for each purchase.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES (continued)
June 30, 2016

(2010-006) Purchase Orders (continued)

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-007) Checks

An examination of the cancelled checks for the school system revealed that proper procedures are not being followed with regard to the check writing process. We found that check dates were different from general ledger dates and instances where vendors listed on the check did not match the coinciding invoice and instances where checks were not issued in consecutive order. We discovered instances where dual signatures were not used. In addition, we noted instances of checks that had not been filled out completely, altered, or voided that were not handled properly. Financial institutions confirmed accounts that only require one signature for withdrawal or transfer. Testing also revealed instances of authorized signatures not being current at financial institutions.

Recommendation:

The use of dual signatures for check writing is recommended in the *Tennessee Internal Uniform School Accounting Policy Manual*. Checks should not be written to and signed by the same individual. Dual signatures ensure a review of disbursements and additional examination of invoices about to be paid. Also, the list of acceptable signatures should be updated frequently to monitor access to those funds. It is imperative that the date, vendor, and amount flow consistently from the check to the general ledger. All voided checks should have the signature lines removed and the voided check should be marked "void" and stapled to the check stub. In addition, measures should be taken to ensure the check is properly voided in the accounting system.

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-008) Disbursements

While testing disbursements, we found instances of payments that were made from a statement instead of the original invoice(s), checks posted to the wrong distribution account, and other posting errors. We discovered instances where supporting documentation for the invoices was either not available for testing, insufficient, or did not match. Also, we noted instances of invoices being paid late, and late fees being paid.

During the current fiscal year, we noted instances of billing and shipping addresses not coinciding with the school's address and items not being billed directly through the school.

Recommendation:

Disbursements should always be paid from the original invoice and checks should be posted to proper distribution accounts. No disbursements should be given until the original invoice has been obtained. Statements should be used to verify invoice amounts. If the amount being paid is different from the invoice, there should always be an explanation in writing or a credit memo attached. Checks should be filled out completely in order to properly account for the correct date, vendor, and amount. Invoices, receiving reports (signed), and other documents should be obtained for all purchases. They should be attached together and filed in such a way that they can be easily found for future reference and audit. Each invoice should be stamped or otherwise marked as paid when each check is written. Invoices should be paid in a timely manner to prevent any late fees.

**GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES (continued)
June 30, 2016**

(2010-008) Disbursements (continued)

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2010-009) Trial Balance and General Ledger

While reviewing the General Ledgers, Cash Receipts Journals, and Cash Disbursements Journals, we noted instances of records that were written in pencil instead of ink. Also, we noted incomplete General Ledger entries, General Ledgers that did not balance, and General Ledger postings that were improper, inaccurate, and/or missing. Additionally, substantially incomplete Trial Balances were submitted for audit. Accounts were not sufficiently broken out as recommended by the State Comptroller's office.

Recommendation:

All accounting records should be complete and maintained in ink, and white out or other altering inks should never be used. Instead, errors should be marked through and initialed. Documents should be proofed and balanced on a monthly basis to minimize calculation errors. Additionally, in Section 9 of the *Tennessee Internal School Uniform Accounting Policy Manual*, a standard chart of accounts is recommended.

Director's Comment:

This problem will be addressed and corrected.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2011-001) Deficit Fund Balance

In the prior fiscal year, there was a deficit fund balance in Coalmont Elementary School's Yearbook Fund and Swiss Memorial Elementary School's Athletic Fund.

In the current fiscal year, there is a deficit fund balance in Swiss Memorial Elementary School's Athletic Fund.

Recommendation:

Section 4 of the *Tennessee Internal School Uniform Accounting Policy Manual* requires that expenditures in each restricted fund account must not exceed the beginning balance plus current year revenue.

Director's Comment:

Every effort will be made in the future to correct this problem.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2014-002) Unauthorized Transfers

During testing, we noticed transfers were being made between funds without first obtaining proper approval. Additionally, insufficient supporting documentation was noted to support the details of the transfer.

Recommendation:

We recommend all transfers of monies between funds should be discussed with the sponsor/faculty member and Principal to obtain proper written approval before the transfer is made.

**GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES (continued)
June 30, 2016**

(2014-002) Unauthorized Transfers (continued)

Director's Comment:

Every effort will be made in the future to correct this problem.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2015-001) Supplemental Pay

Testing revealed instances of supplemental pay.

Recommendation:

Any supplemental compensation owed to board of education employees for extracurricular activities must be processed through the director of schools' office in the same manner as salary and other payroll payments. Board of education employees may not be compensated directly by individual schools from internal school funds.

Director's Response:

Training for all bookkeepers regarding established accounting procedures is planned for summer of 2016 in an effort to correct this problem in the future.

Disposition:

As of June 30, 2016, this problem continued to exist.

(2015-002) Cash Shortage

Testing revealed at least \$300.00 in cash shortages that was not reported to the State of Tennessee's Comptroller of the Treasury in a timely manner.

Disposition:

As of June 30, 2016, this problem no longer exists.

(2016-001) School Support Organizations

Testing revealed that a school is maintaining the funds of support organizations.

Recommendation:

In recent years, the State of Tennessee has devoted significant attention and guidance to the relationships between school activity funds and related parent support organizations. This attention led to the School Support Organization Financial Accountability Act of 2007. There must be a distinct separation between school funds and support funds, including control and maintenance of funds. The schools should not maintain the funds of the support organizations.

Director's Comment:

Every effort will be made to correct this problem in the future, including training bookkeepers and principals to conduct a review of all school accounts.

(2016-002) Valid Purchases

Testing revealed instances of purchases that do not coincide with valid internal school funding.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RESPONSES (continued)
June 30, 2016

(2016-002) Valid Purchases (continued)

Recommendation:

Title 3 of Section 5 in the *Tennessee Internal School Uniform Accounting Policy Manual* states, “all purchases must be for an appropriate purpose; that is, they must not detract from or be in opposition to the overall educational process”.

Director’s Comment:

Every effort will be made to correct this problem in the future, including training bookkeepers and principals regarding making valid purchases.

(2016-003) Accounts Payable

During testing, it was noted that accounts payable were not approved by the Board of Education.

Recommendation:

Section 5 of the *Tennessee Internal School Uniform Accounting Policy Manual* states, “the local Board must approve accounts payable that will not be liquidated during the current fiscal year”.

Director’s Comment:

Every effort will be made to correct this problem in the future, including training bookkeepers and principals regarding proper accounts payable procedures.

GRUNDY COUNTY SCHOOLS – INTERNAL SCHOOL FUNDS
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2016

Financial Statement Findings

Finding Numbers	Finding Title	Status
2009-001	Accounting Records	Repeated
2009-002	Bank Reconciliation	Corrected
2009-003	Faculty Receipts/Collection Logs	Repeated
2009-004	Three-day Bank Deposit Law	Repeated
2009-005	Segregation of Duties	Repeated
2010-001	Receipt Information	Repeated
2010-002	Bank Statement Tracing	Repeated
2010-003	Ticket Reconciliations	Repeated
2010-004	Fundraisers	Repeated
2010-005	Sales Tax	Repeated
2010-006	Purchase Orders	Repeated
2010-007	Checks	Repeated
2010-008	Disbursements	Repeated
2010-009	Trial Balance and General Ledger	Repeated
2011-001	Deficit Fund Balance	Repeated
2014-002	Unauthorized Transfers	Repeated
2015-001	Supplemental Pay	Repeated
2015-002	Cash Shortage	Corrected